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INFO RUCNRAQ/IRAQ COLLECTIVE

C O N F I D E N T I A L BAGHDAD 000545

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E.O. 12958: DECL: 02/14/2017

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SUBJECT: VICE PRESIDENT'S ECONOMIC ADVISORS DISCUSS BAGHDAD SECURITY PLAN

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons 1.4 (b) and (d).

¶1. (C) Summary: Economic Minister-Counselor met with Farid Yaseen and Zuhair Humadi, economic advisors to Vice President Adel Abdul Mehdi on February 11. The advisors appreciated the Baghdad Security Plan's focus on commercial zones and mixed neighborhoods. They also noted the lack of Iraqi government ability to absorb large amounts of capital, and proposed a larger role for non-governmental actors. End summary.

BSP III: Protect the Middle Class

¶2. (C) EconCouns gave a brief description of the economic component of the Baghdad Security Plan, noting the focus on protecting commercial activities and basic services. The real indicator of success, and the real mechanism for economic development, would be increased investment from the private sector. Zuhair Humadi said that while we shouldn't ignore the difficult areas, we should focus on areas that are not totally hostile. "The most important thing is to protect the mixed neighborhoods, which are mostly middle class, and people will feel the difference immediately," Humadi said. He also suggested that operations targeting lawbreakers in Sadr City would be necessary to address the concerns of Sunnis in Baghdad. Farid Yaseed cautioned against rounding up the foot soldiers of the Jaysh Al Mahdi; instead, he said, target the leaders and organizational capability. EconCouns requested Humadi and Yaseed's assistance in reporting feedback from their constituents during the coming weeks.

Alternatives to Government Services

¶3. (C) Farid Yaseed described the Vice President's role as supervisory, not executive, with the ability to give guidance rather than instructions. Yaseed said that Vice President Adel Abdul Mehdi is interested in fostering projects in under-developed areas of the country. Given the government of Iraq's lack of capacity to absorb funding and execute its own budget, Yaseed and Humadi have developed a proposal for the "Independent Development Council", an NGO that could increase services and opportunities, particularly in the Shi'a center and south, by complementing Iraqi government activities. One purpose of the Independent Development Council would be to absorb some of the donor projects currently being transferred to the GOI. Given the GOI's inability at this time to execute its budget, this NGO could fill the gap by providing alternative avenues for donor projects. Humadi requested USG support in convincing the Ministry of Health to transfer some of the USG-funded clinics to this NGO instead of keeping them unused at the Ministry of Health.

Comment

¶4. (C) Both Yaseed and Humadi spent years outside of Iraq when the country was under Saddam Hussein's control, but still seem to have extensive connections in Baghdad. They will be useful contacts in gauging the response of the educated middle class as to whether the surge of Coalition Forces' activities in Baghdad is successful. The idea of expanding the role of non-governmental organizations in Iraq is useful both at the practical level given the GOI's lack of budget execution capacity, and as a way to offer alternatives to many Iraqis' instinctive reliance on the government, an instinct created by several decades of a top-down command economy.

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